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SUBJECT: U.S. POLICY ON POLITICAL ENGAGEMENT IN IRAQ

REF A: WHITEHOUSE 312206Z MAR 09
REF B: SECDEF 231835Z MAR 09

(U) Classified by NEA Assistant Secretary Jeffery Feltman for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY. This cable describes the new U.S. policy on political engagement in Iraq. It should be read in the context of President Obama's February 27 speech at Camp Lejeune, in which he detailed plans for the drawdown and change of mission of U.S. troops in Iraq. It is provided as policy guidance for Embassy Baghdad for implementation beginning immediately and for the information of other addressees. END SUMMARY.

¶2. (C) BACKGROUND. In his February 27 speech, the President described his plan for the responsible removal of combat brigades from Iraq, announced the end date for the combat mission, and described the role of the transitional force remaining after the change of mission. Initially, and by no later than August 31, 2010, the transitional force will be made up of 35-50,000 U.S. troops. Consistent with the U.S. - Iraq Security Agreement, the President intends to remove all U.S. troops from Iraq by the end of 2011 (Ref A). These decisions are framed by our stated objective: an Iraq that is sovereign, stable, and self-reliant; committed to just, representative, and accountable governance; neither a safe haven for, nor sponsor of, terrorism; integrated into the global economy; and a long-term partner contributing to regional peace and security. We recognize that Iraq's political and security progress could be halted or reversed by a number of political and security factors, particularly if they occur in combination. To mitigate those risks, three mechanisms are in place: (1) our strategy for encouraging political progress, using appropriate incentives; (2) the transitional military force in Iraq after August 31, 2010; and (3) our diplomatic strategy for regional reintegration. This cable describes the policy adopted to advance the first mechanism. As the President indicated in his speech, the long-term solution in Iraq must be political, not military, and the most important decisions that have to be made about Iraq's future must now be made by Iraqis. A separate decision on our diplomatic strategy is currently under policy review. END BACKGROUND.

¶3. (C) POLICY GUIDANCE. Paragraphs 4-8 describe the policy approach adopted by the Deputies Committee on March 13, 2009. This guidance is intended to provide the Chief of Mission broad direction in leading the entire interagency mission, in both the Embassy and the Provincial Reconstruction Teams (PRTs), as we seek to advance U.S. interests in Iraq. It is not intended to limit or constrain the Mission from designing specific tactics, or pursuing specific opportunities, in support of those policy goals. Indeed, creative and responsible initiatives from the field that effectively advance the stated policy are encouraged when appropriately proposed and approved.

"CRITICAL" AND "SIGNIFICANT" CHALLENGES

14. (S) The Iraq policy review identified one set of objectives that are essential between now and the United States change of mission (ChOM) in August 2010. If not successfully addressed, any one of these issues could risk the smooth execution of our ChOM. The U.S. will make these its top policy priorities, devoting resources as necessary to achieve them successfully. These objectives are:

A) To Hold Successful National Elections: A national elections process that is legitimate and results in the peaceful transition of power is a top priority. The United States military drawdown is directly keyed to successful national elections and the seating of the new Iraqi Government. The 2010 elections would mark a second national electoral cycle, a major milestone for Iraq. If the elections are significantly delayed or if major actors -- the Government, Kurds, other major parties inside Iraq, or parties outside Iraq, such as Iran -- seek to manipulate the process, ethno-sectarian divisions would be exacerbated and could lead to renewed political violence.

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B) To Avoid Violent Kurd-Arab Confrontation: Even a minor outbreak of violence between Kurdish Peshmerga and Iraqi Security Forces in disputed territories risks escalation and may deal a serious blow to reconciliation and stability in Iraq. A military clash could harden both sides against compromise on disputed territory and the division of regional and national resources. The United States would be put in a difficult position as both the Kurds and the GOI would appeal for support, and it could lead to the GOI demanding an early U.S. withdrawal if they perceived the U.S. as siding with the Kurds. Current progress in GOI-KRG-Turkish counterterrorism efforts against the PKK would probably be derailed. Specific guidance to Embassy and MNF-I should violence break out between GOI and Kurdish forces is provided in Ref B.

C) To Develop Non-sectarian, Politically Neutral, and More Capable Security Forces: The United States drawdown timetable rests on a judgment that the Iraqi Security Forces will be able to take the lead for all domestic combat missions by August 31, 2010, including in "hotspot" areas (e.g., Ninewa, Diyala) where they now depend heavily on MNF-I support. These forces must be non-sectarian lest they contribute to instability in the medium term. The United States and the GOI must continue to allocate the resources to train, mentor, and equip the ISF. A robust U.S. training and embedding program serves to counter attempts by any one person or office to use the military for sectarian purposes or gain majority control over military units, politicize the military leadership, or discriminate on the basis of sect or ethnicity.

D) To Avoid Sunni-GOI Breakdown: Despite considerable improvement in Sunni-Shia relations over the past year and significant Sunni electoral gains in the majority-Sunni provinces, Sunni Arabs remain distrustful of the central government. Grievances include such issues as inadequate progress in Sons of Iraq (SOI) integration, the slow implementation of the Amnesty and de-Ba'athification laws, allegations that Prime Minister al-Maliki has used the ISF for targeted anti-Sunni raids in mixed provinces such as Diyala, and the slow pace of returns of Sunni refugees and internally displaced persons (IDPs). Sunni political leadership is deeply fractured, rendering them more likely to advocate

unhelpful, extreme stances, particularly during an election year. If mistrust grows it could push Sunni Arabs out of the Iraqi national government and push more hardline Sunni Arabs towards a resumption of violence.

E) To Prevent Government Paralysis: A coalition of Kurds, the Shia Islamic Supreme Council of Iraq, some Sunni parties, and others perennially threaten a vote of no-confidence against the Prime Minister to counter his perceived growing authoritarian tendencies. If they were to succeed without an agreed-on replacement for Prime Minister, we would probably see months of government paralysis, which could undermine the GOI's ability to carry out steps for a successful election, worsen the delivery of basic services as key ministries lose their leadership, and heighten political tensions that could risk security gains. Embassy Baghdad should seek guidance if this issue re-emerges.

F) To Maintain Macroeconomic Stability: Failure to maintain economic progress and to deliver jobs and basic services could cause political and sectarian infighting, increase corruption, and threaten Iraq's ability to fund investment and security budgets. Continued engagement with Iraqi leadership is advisable to ensure that Iraq pursues prudent fiscal and monetary policies, particularly in light of Iraqi budget deficits due to the reduction in oil export revenues.

15. (S) The policy review identified another set of issues in which the threat is less urgent, but which are required for enduring Iraqi stability. Failure to completely resolve these issues over the next 18 months would not be a dire threat to U.S. interests, but would remain a source of ethno-sectarian tensions and mistrust, impeding Iraq's political progress and preventing Iraq from reaching its economic potential. These issues are as follows:

A) Enacting Hydrocarbon Law/Revenue Sharing: In the long-term, establishing a binding framework that defines the roles and authorities of the central and regional governments over hydrocarbon resources is essential for resolving Kurd/Arab tensions over federalism and power-sharing, and attracting essential external investment

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into the Iraqi economy. Without such a framework Iraq will struggle to expand oil production and will consequently lag in the provision of infrastructure, security, and basic services required to meet the needs of the Iraqi people.

B) Resolving Disputed Internal Boundaries (DIBs) and Kirkuk: Officially demarcating territory between the Kurdistan Regional Government (KRG) and the rest of Iraq is central to resolving the panoply of Arab-Kurd issues and, more generally, ensuring Iraq's viability as a unified state. The current "Green Line" has no legal status and the central government is increasing political and military pressure on the Kurds near the line. The U.N. is in the lead on publishing a series of 11 reports that make recommendations on the DIBs in northern Iraq, due out in April, but there is currently no follow-up plan for additional action. The constitutionally based process for resolving disputed areas ("Article 140 Process") favored by the Kurds is moribund.

C) Continuing Civilian Capacity Building and Assistance: Iraq remains critically short of trained personnel and functioning institutions, in and out of government. Assistance programs from the United States and from other donors and multilateral agencies -- which for now depend on U.S. support -- are critical enablers to help Iraq harness its oil wealth to improve service delivery

and governance and guard against excessive corruption. Without progress, rising public expectations could eventually open the door for a revival of local militia control, a coup, or a turn towards authoritarianism.

D) Addressing Refugees/IDPs: Significant return movements have already occurred (over 200,000 in 2008), and should security remain stable, up to half a million out of the over 4 million remaining refugees and IDPs are expected to return to their home communities in 2009. The safe return or resettlement of refugees and Internally Displaced Persons, if managed correctly, could remove a potential source of regional instability and enhance Sunni trust of the Iraqi government. Refugees contain a pool of badly-needed professionals and experienced bureaucrats. Greater attention to this issue would also address the view by Iraqis and others in the region that the United States has a moral responsibility to help heal one of the most visible scars of the occupation and reduce the stress on neighboring states, especially Jordan and Syria. The United States will need to work with the United Nations High Commission on Refugees to enhance Iraq's absorptive capacity, and press the GOI to be more open to returns and increase Iraqi resources to the returning population. This could require the expenditure of significant political U.S. capital.

E) Regional Reintegration: Iraq's continued reintegration into the regional political architecture will be an important enabler for Iraq to contribute to stability in the region. This topic will be the subject of a separate cable.

"GRAND PROCESS(ES)" -- THE NEW WAY FORWARD

16. (S) For both the critical and significant challenges, the U.S. will capitalize on our still significant influence to energize existing Iraqi processes or establish new ones to facilitate progress. This strategy focuses on setting in motion and energizing productive processes, but not necessarily resolution, on the full range of critical and significant challenges. The United States will offer to play the role of honest broker and/or third-party guarantor of the Iraqi and U.N. reconciliation processes. Ongoing processes will be designed to improve communications between Iraqi leaders who seldom meet and to promote progress, particularly following national elections.

17. (S) The United States Mission will energize reconciliation in three phases: (1) Push the Iraqi government and the U.N. to shore up existing reconciliation processes on the five key reconciliation issues identified below, and ensure those processes are active by September 1, 2009; (2) Maintain activity at an appropriate (reduced) tempo through the election season and the seating of the new government in the first quarter of 2010; (3) After the new national government is seated, accelerate the processes, developing possible linkages between them where these may help to make progress and improve the prospects for resolution.

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18. (S) To facilitate this approach, the U.S. Embassy and MNF-I are authorized to formally offer the United Nations Assistance Mission for Iraq (UNAMI) full U.S. support to expand its role as mediator on key reconciliation issues, including by providing increased U.S. resources, logistics and personnel support to the negotiations. To carry out this policy, the Embassy and MNF-I are encouraged to reconfigure resources to support the five major processes (listed below) and to formalize an Embassy/MNF-I/UNAMI Working Group (including other parties as necessary) to coordinate these efforts. The

Embassy is also expected to consult appropriately with the Government of Iraq regarding our plans and progress to further Iraqi security and stability through this policy.

19. (C) The following lists the five issues considered appropriate for engagement through the "Grand Process(es)" policy. The actions proposed for each are illustrative only; the Embassy is responsible for devising effective tactics for making progress with each in the way that best preserves overall U.S. national interests.

I) Disputed Internal Boundaries (DIBs): UNAMI is preparing a set of reports on all DIBs in the north, including a range of options for resolving the status of Kirkuk. They are expected to be released in April, but there is not yet a clear follow-on plan to push the Iraqis to negotiate any concrete outcome following the report recommendations. Suggestions: i) The United States and UNAMI might craft a follow-on process to its DIBs reports and use U.S. leverage to entice appropriate Iraqi entities to participate; ii) This could begin with initial GOI-KRG negotiations by the summer of 2009 to prevent DIBs from becoming a flashpoint in national elections; iii) The declining presence of U.S. forces might provide increased leverage with the Kurds to encourage robust implementation of the reports.

II) Kirkuk: As part of the Provincial Election Law passed in 2008, the Council of Representatives (CoR) set up the Iraqi "Article 23 Committee" to establish the conditions for holding provincial elections in Kirkuk. The Committee was tasked to submit a report by the end of March 2009 proposing a way to resolve the disputes needed to set a date for elections. The Committee has asked for a delay and the UN estimates it will be months before it is ready to issue any recommendations. Suggestion: With UNAMI technical assistance, seek commitment from local and national Iraqi leaders that the Committee will submit a report on Kirkuk to the CoR on power-sharing, an election law specific to Kirkuk, and a date for Kirkuk's elections - possibly at the same time as national elections.

III) Kurd-Arab Security Forces: The United States established a small Security Coordinating Committee with Iraqi and Kurdish senior officers after the August 2008 Khanaqin confrontation between the Iraqi Security Forces (ISF) and the Peshmerga forces. This group provides a consistent forum for the two parties and coordinated provincial elections security efforts. Suggestions: i) The United States may push for the expansion of the group, particularly in light of upcoming national elections, to establish permanent lines of communication and confidence-building measures between the ISF and Peshmerga. It might also address issues such as ISF representation north of Kirkuk, the Kurdish role in the ISF, and the appointment of officers; ii) The President has announced that United States Government support to the ISF will be based on those forces being non-sectarian. This could be the basis of a message to the GOI that the ISF should not be used to pursue an anti-Kurd political agenda, but also signaling to Kurds that the U.S. will not inhibit legitimate actions by the GOI.

IV) Sunni Arab Accommodation: The GOI has largely failed to implement the amnesty legislation passed early in 2008, and has been slow to release Sunni detainees. After initial reluctance, the GOI followed through on Sons of Iraq (SOI) integration, although there may be some signs of backsliding. Suggestions: i) Ensure the GOI fulfills its commitment to transfer and integrate the SOI into the Iraqi Security Forces or alternative employment or training programs; ii) If necessary, leverage U.S. commitment to support only non-sectarian ISF to encourage robust integration; iii) Encourage GOI implementation of amnesty laws and reduction in the

backlog of Iraqi Government detainees languishing
without trial in Iraqi prisons by working directly with

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the ministries of Interior and Justice and the Higher
Judicial Council to develop methods to responsibly
increase throughput of detainees; iv) Fulfill U.S.
obligations for release or turn over to Iraqi control
detainees as stipulated in the Security Agreement; v)
Consider using leverage from military assistance and
training efforts to ensure GOI follow-through on both
issues using mechanisms such as the Rule of Law Joint
Coordinating Committee of the Strategic Framework
Agreement (SFA); vi) Highlight growing U.S. support for
refugee return and enter into ongoing discussions with
the GOI on ways to facilitate returns.

V) Hydrocarbons: The CoR Committee on Oil, Gas and
Natural Resources has considered competing draft laws,
but KRG and GOI officials have yet to agree on a common
text of the legislation. Suggestions: i) Prepare a
third-party (e.g., UNAMI) to facilitate consistent
engagement between appropriate Iraqi authorities to
address hydrocarbons legislation or help devise a
comparable legal framework; ii) Focus the process on
stimulating international investment and technical
assistance to entice Iraqi participation; iii) Urge
resolution of disputed fields (such as Tawke and Taq
Taq) as proof of the principle for revenue sharing; iv)
Attempt the linking of hydrocarbons with the DIBs issue.

BEYOND POLITICAL ENGAGEMENT

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¶10. (C) As noted in Paragraph 2, the third leg of the
President's strategy entails a plan for regional
engagement in which Iraq will play a prominent role.
This strategy is currently under review, in conjunction
with other NSC-led reviews taking place. In addition,
several other elements of U.S. policy are not directly
addressed in the policy on political engagement, even
though most are related to it and all will be affected
by it. For example, the President stated that "...we
will help Iraqi institutions strengthen their capacity
to protect the rule of law, confront corruption, and
deliver basic services." This will be addressed through
robust U.S. civilian efforts, via our Embassy and our
PRTs. As another example, the President stated that
"Diplomacy and assistance are also required to help the
millions of displaced Iraqis." This issue will receive
new emphasis under President Obama. U.S. success in
delivering on these promises will help ensure the
success of the political strategy - and vice versa.

THE PUBLIC FACE OF THE POLITICAL STRATEGY

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¶11. (C) Formal talking points on both the political and
diplomatic strategies will be forthcoming, as
appropriate.

CLINTON